

**VO**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF:** June 30, 2006

**ASSETS**

**CURRENT ASSETS**

<b>101</b> Cash (Disclose on Schedule A)	\$43,486,995
<b>102</b> Current Investments	-
<b>103</b> Accounts Receivable (net) (Disclose on Schedule A)	\$8,780,648
<b>104</b> Notes Receivable (current portion)	-
<b>105</b> Prepaid Expenses	1,861,404
<b>106</b> Other Current Assets (Disclose on Schedule A)	<u>\$1,785,691</u>
<b>107</b> Total Current Assets	<u>\$55,914,738</u>

**NON-CURRENT ASSETS**

<b>108</b> Land	-
<b>109</b> Building	-
<b>110</b> Leasehold Improvements	4,330,360
<b>111</b> Furniture and Equipment	15,729,656
<b>112</b> Vehicles	-
<b>113</b> Total Property and Equipment	<u>\$20,060,015</u>
<b>114</b> Less: Accumulated Depreciation	<u>9,700,997</u>
<b>115</b> Net Property and Equipment	<u>\$10,359,018</u>
<b>116</b> Notes Receivable (net of current portion)	-
<b>117</b> Performance Bond (Disclose on Schedule A)	-
<b>118</b> Long Term Investments	-
<b>119</b> Deposits	485,668
<b>120</b> Other Noncurrent Assets (Disclose on Schedule A)	<u>\$553,171</u>
<b>121</b> Total Noncurrent Assets	<u>\$11,397,857</u>
<b>122</b> TOTAL ASSETS	<u><u>\$67,312,595</u></u>

**LIABILITIES AND NET ASSETS/EQUITY**

**CURRENT LIABILITIES**

<b>201</b> Incurred But Not Reported Claims (Disclose on Sch. A)	\$8,959,433
<b>202</b> Reported But Unpaid Claims	819,605
<b>203</b> Payable to ADHS (Disclose on Schedule A)	\$581,555
<b>204</b> Other Amounts Payable to Providers	4,897,992
<b>205</b> Trade Accounts Payable	3,852,897
<b>206</b> Accrued Salaries and Benefits	7,244,808
<b>207</b> Long-term Debt (current portion)	-
<b>208</b> Deferred Revenue (Disclose on Schedule A)	\$0
<b>209</b> Risk Pool Payable	-
<b>210</b> Other Current Liabilities (Disclose on Schedule A)	<u>(\$1,597,154)</u>
<b>211</b> Total Current Liabilities	<u>\$24,759,135</u>

**NON-CURRENT LIABILITIES**

<b>212</b> Long-term debt (net of current portion)	-
<b>213</b> Loss Contingencies (Disclosed on Schedule A)	\$0
<b>214</b> Other Noncurrent Liabilities (Disclose on Schedule A)	<u>\$2,355,989</u>
<b>215</b> Total Noncurrent Liabilities	<u>\$2,355,989</u>
<b>216</b> TOTAL LIABILITIES	<u>\$27,115,124</u>
<b>217</b> NET ASSETS/EQUITY	
Unrestricted Net Assets	40,197,471
Restricted Net Assets (Disclose on Schedule A)	\$0

<b>218</b> TOTAL LIABILITIES AND NET ASSETS/EQUITY	<u><u>\$67,312,595</u></u>
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**VO**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF:**  
**Schedule A Disclosures**

June 30, 2006

**ASSETS:**

**Cash**

Unrestricted	43,486,995
Restricted	\$ -
Total Cash	<u><u>\$43,486,995</u></u>

**Accounts Receivable**

**ADHS**

Program ID	Category ID
Current Year	
TXIX Child	-
TXIX CMDP	-
TXIX SMI	-
HIFA II SMI	-
TXIX GMHSA	-
HIFA II GMH	-
TXIX DD Child	-
TXIX DD Adult	-
TXXI Child	-
TXXI Adult	-
NTXIX/XXI Child	-
NTXIX/XXI SMI	3,173,966
Mental Health	-
Substance Abuse	148,428
Prevention Intervention	-
ADHS DOC	-
PASRR	2,400
HB2003 Child	-
HB2003 SMI	-
NTXIX/XXI SMI	Community Placement (0)
Select Program	Identify category
Prior Year	
TXIX Child	-
TXIX CMDP	-
TXIX SMI	-
HIFA II SMI	-
TXIX GMHSA	-
HIFA II GMH	-
TXIX DD Child	-
TXIX DD Adult	-
TXXI Child	-
TXXI Adult	-
NTXIX/XXI Child	-
NTXIX/XXI SMI	-
Mental Health	-
Substance Abuse	-
Prevention Intervention	-
ADHS DOC	-
PASRR	-
HB2003 Child	-
HB2003 SMI	-
Select Program	Identify category

**Non-ADHS &/or Unrelated Business**

Current Year	
Employee receivables	7,289
MMA pharmacy receivable	2,397,171
Miscellaneous	-
Non-HB2003 provider receivables and MMA receiv	2,305,354
Rehabilitative Services Administration	-
Accrued interest receivable	116,300

**LIABILITIES:**

**IBNR Claims Estimate**

Current Year	
FY 06	8,519,923
Prior Year(s)	
FY05	439,510
FY04	
Total IBNR	<u><u>\$8,959,433</u></u>

**Payable to ADHS (Detail of Line 203)**

Program ID	Category ID
Prior Year	
NTXIX/XXI Child	Profit/Risk Corridor 405,712
Admin & Mgmt Gen	Sanctions \$175,843
	<u><u>\$581,555</u></u>

**Total Payable to ADHS**

**Deferred Revenue from: (Detail of Line 208)**

Program ID	Category ID
ADHS	
Current Year	
NTXIX/XXI Child	\$0
Select Program	\$0
Select Program	\$0
Select Program	\$0
Select Program	\$0
Prior Year	
Select Program	\$0
Select Program	\$0
Select Program	Identify Category
Non-ADHS &/or Unrelated Business	
Current Year	
Identify Program	Identify Category
Identify Program	Identify Category
Prior Year	
Identify Program	Identify Category
Total Deferred Revenue	<u><u>\$0</u></u>

**Other Current Liabilities (Detail of Line 210)**

Identify Other Current Liabilities	
Insurance	-
Accrued audit fees	(81,964)
Casa Buena Payable	-
Deferred Lease Liability	7,843
Due to affiliates	(4,411,451)
Income tax payable to parent	(338,190)
Legal	-
Malpractice Reserve	3,226,608
Miscellaneous	-
Total Other Current Liabilities	<u><u>(\$1,597,154)</u></u>

Case management receivable	71	<b><u>Loss Contingencies (Detail of Line 213)</u></b>	
Casa Buena	482,459	Identify Loss Contingencies	
Medicare receivable	134,422		
Lab Receivables	12,788	<b>Total Loss Contingencies</b>	<b><u>\$0</u></b>
Prior Year		<b><u>Other Noncurrent Liabilities (Detail of Line 214)</u></b>	
Employee receivables	-	Deferred lease credit - noncurrent	2,355,989
RxInnovations	-	Deferred tax - noncurrent	-
Miscellaneous	-		
Non-HB2003 provider receivables	-	<b>Total Other Noncurrent Liabilities</b>	<b><u>\$2,355,989</u></b>
Rehabilitative Services Administration	-		
Accrued interest receivable	-		
Case management receivable	-	<b><u>Restricted Net Assets (Detail of Line 217)</u></b>	
Medicare receivable	-	Identify Restricted Net Assets	
Lab Receivables	-		
		<b>Total Restricted Net Assets</b>	<b><u>\$0</u></b>
<b>Allowance for Doubtful Accounts</b>			
<b>Total Accounts Receivable</b>	<b><u>8,780,648</u></b>		
<b><u>Other Current Assets (Detail of Line 106)</u></b>			
Deferred tax asset	1,785,691		
<b>Total Other Current Assets</b>	<b><u>\$1,785,691</u></b>		
<b><u>Other Noncurrent Assets (Detail of Line 120)</u></b>			
Deferred tax asset	553,171		
<b>Total Other Noncurrent Assets</b>	<b><u>553,171</u></b>		
<b><u>PERFORMANCE BOND:</u></b>			
Type of Security & Amount -	LOC	\$49,932,012	

**Adjustments:**

Disclose and describe any adjustments made to previously submitted financial statements, including those that affect the current period financial statements.

**Payables to ADHS - Other\* Category**

Disclose items recorded as "Other" in the category for Payable to ADHS Section

**Explain ≥10% fluctuation in account from prior period**

Describe fluctuation in each account greater than 10%

- 105. Prepaid expenses decreased 41.01% due to normal prepaid expense recognition activities
- 106. Other current assets decreased 18.48% due to a reduction in deferred tax assets based on December 2005 year-end calculations
- 202. Reported but unpaid claims decreased 11.46% due to normal claims processing activities and timings
- 203. Payable to ADHS increased 329.44% due to reclassifying deferred revenue to a payable at year-end
- 204. Other amounts payable to providers decreased 36.10% due to payments for block purchase providers
- 205. Trade accounts payable increased 36.76% due to normal trade payables cycle timing.
- 208. Deferred revenue decreased 100.00% due to reclassifying the existing year-end balance to a payable to ADHS

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STATEMENT OF CHANGES IN NET ASSETS / EQUITY

AS OF : June 30, 2006

		Net Assets /		
		Initial Capital	Additional Capital	Retained Earnings
				Total
Beginning Balance:	July 1, 2005	36,491,707	-	2,408,314
* Net Surplus / Net Earning for the period ended:	June 30, 2006	-	-	7,179,450
Dividends Declared			-	(7,500,000)
** Prior Period Adjustments		-	1,618,000	-
Ending Balance:	June 30, 2006			-
		\$ 36,491,707	\$ 1,618,000	\$ 2,087,764
				\$ 40,197,471

\* Net of dividends declared

\*\* Disclosure of Prior Period Adjustments

Parent put \$1,200,000 into capital in July 2005

\*DISCLOSE ON SCHEDULE A

		TXIX CHILD	TXIX CMDP	TXIX DD CHILD	NTXIX/XXI CHILD	TXXI CHILD	HB2003 CHILD	TXIX SMI	TXIX DD ADULT	NTXIX/XXI SMI	HIFA II SMI	TXXI ADULT	HB2003 SMI	TXIX GMHSA	HIFA II GMH	MENTAL HEALTH	SUBSTANCE ABUSE	PREVENTION INTERVENTION	PASRR	ADHS DOC	OTHER	SUB TOTAL	PROGRAM ADMIN & MGMT/GEN	TOTAL
REVENUES																								
401	Revenue Under ADHS Contract																							
a	ADHS Revenue	73,072,637	41,335,981	6,074,359	7,404,326	5,324,430	0	212,596,239	4,807,413	80,787,763	2,538,921	207,577	0	74,531,666	889,408	2,200,826	23,234,906	5,996,457	54,300	1,906,936	0	542,964,145	0	542,964,145
b	ADHS Revenue - Qualifying Incentive Payments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,544,489	0	3,544,489
402	Specialty & Other Grants*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
403	Client Fees (Co-pays)	0	0	0	0	0	0	2,563	0	2,915	0	0	0	28	0	119	45	0	0	0	0	5,671	0	5,671
404	Third Party Recoveries																							
a	Medicare	0	0	0	0	0	0	344,626	0	250,930	0	0	0	2,310	0	9,424	730	0	0	0	0	608,020	0	608,020
b	Other Insurance	0	0	0	0	0	0	46,488	0	46,874	0	0	0	0	0	2,899	387	0	0	0	0	96,648	0	96,648
405	Interest Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
406	Other Funding Sources - Non ADHS*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	253,978	253,978	2,113,217	2,113,217
407	Unrelated Business Activities*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
408	TOTAL REVENUE	73,072,637	41,335,981	6,074,359	7,404,326	5,324,430	0	212,989,916	4,807,413	81,088,482	2,538,921	207,577	0	74,534,004	889,408	2,213,269	23,236,068	5,996,457	54,300	1,906,936	253,978	543,928,462	5,657,706	549,586,168
EXPENSES																								
Service Expenses:																								
501	Treatment Services																							
a	Counseling																							
1	Counseling, Individual	10,944,474	2,938,787	131,619	744,326	870,625	0	5,798,476	150,319	3,173,930	104,739	14,258	0	7,970,920	112,268	337,566	1,769,972	0	0	0	0	35,062,281	0	35,062,281
2	Counseling, Family	6,665,813	1,433,059	101,752	366,510	554,362	0	679,862	19,789	430,801	14,406	2,644	0	386,661	13,446	39,737	22,460	0	0	0	0	10,731,302	0	10,731,302
3	Counseling, Group	687,523	98,186	4,167	79,244	71,141	0	1,088,453	11,343	592,823	14,291	2,526	0	4,175,119	28,457	135,052	1,419,386	0	0	0	0	8,407,713	0	8,407,713
b	Consultation, Assessment & Specialized Testing	5,564,794	642,754	90,983	206,174	422,071	0	1,995,992	65,641	1,314,268	10,948	12,288	0	5,719,286	63,423	910,064	1,137,891	0	0	0	0	18,156,578	0	18,156,578
c	Other Professional	97,215	3,645	0	589,046	2,195	0	3,250	0	1,512,275	0	0	0	80	0	222,644	1,143,331	0	0	0	0	3,573,680	0	3,573,680
d	Total Treatment Services	23,959,820	5,116,431	328,522	1,985,300	1,920,394	0	9,566,034	247,092	7,024,098	144,384	31,716	0	18,252,067	217,595	1,645,064	5,493,039	0	0	0	0	75,931,554	0	75,931,554
502	Rehabilitation Services																							
a	Living Skills Training	7,281,474	2,318,959	188,304	499,271	387,078	0	8,558,652	199,921	3,277,676	72,222	460	0	611,470	9,486	17,887	34,698	0	0	0	0	23,457,559	0	23,457,559
b	Cognitive Rehabilitation	724	238	0	124	0	0	212	0	0	0	0	0	0	0	0	0	0	0	0	0	1,299	0	1,299
c	Health Promotion	174,299	37,090	3,198	5,916	11,081	0	599,312	35,538	261,205	2,879	0	0	142,841	440	2,916	12,469	0	0	0	0	1,289,183	0	1,289,183
d	Supported Employment Services	8,244	5,139	0	7,923	63	0	3,993,752	531,534	1,835,409	124,262	49	0	838,416	6,215	5,534	29,310	0	0	0	0	7,385,848	0	7,385,848
e	Total Rehabilitation Services	7,464,742	2,361,426	191,502	513,233	398,222	0	13,151,929	766,993	5,374,289	199,363	509	0	1,592,726	16,141	26,337	76,477	0	0	0	0	32,133,889	0	32,133,889
503	Medical Services																							
a	Medication Services	1,682	0	0	3,789	0	0	865,422	29,151	216,120	2,517	0	0	2,736,062	5,106	25,196	931,670	0	0	0	0	4,616,717	0	4,616,717
b	Medical Management	3,106,157	312,658	114,683	140,764	261,054	0	9,733,542	413,388	5,837,692	68,556	13,015	0	3,294,097	67,998	162,662	109,281	0	0	0	0	23,635,548	0	23,635,548
c	Laboratory, Radiology & Medical Imagin	75,809	8,641	2,826	3,015	5,625	0	439,763	21,620	296,718	2,900	343	0	242,984	2,457	14,892	28,119	0	0	0	0	1,145,712	0	1,145,712
d	Electro-Convulsive Therapy	0	0	0	0	213	0	133,685	0	118,929	0	0	0	10,227	0	0	0	0	0	0	0	263,055	0	263,055
e	Total Medical Services	3,183,648	321,299	117,510	147,568	266,893	0	10,972,410	464,160	6,469,460	73,973	13,357	0	6,283,370	75,562	202,751	1,069,070	0	0	0	0	29,661,032	0	29,661,032
504	Support Services																							
a	Case Management	208,197	99,435	16,261	20,718	5,411	0	64,167,831	918,079	29,561,830	1,026,847	33,840	0	6,394,121	152,786	1,873,565	650,233	0	0	0	0	105,129,156	0	105,129,156
b	Personal Assistance	1,769,689	603,668	122,718	424,370	74,972	0	9,691,467	202,160	2,732,413	7,204	0	0	666,883	19	366	31,647	0	0	0	0	16,327,576	0	16,327,576
c	Family Support	4,696,559	980,986	137,256	191,817	206,894	0	25,002	71	5,510	223	0	0	15,143	6	897	3,244	0	0	0	0	6,263,608	0	6,263,608
d	Peer Support	469,851	192,817	14,651	52,637	23,113	0	2,141,804	46,316	795,075	13,834	238	0	706,633	4,866	24,451	163,719	0	0	0	0	4,650,004	0	4,650,004
e	Therapeutic Foster Care Services	3,108,466	6,828,424	28,857	150,880	21,548	0	332,335	0	82,933	0	0	0	0	0	0	0	0	0	0	0	10,553,444	0	10,553,444
f	Respite Care	2,672,794	521,357	53,545	39,823	84,749	0	336	0	18	0	0	0	1,661	62	10	0	0	0	0	0	3,374,356	0	3,374,356
g	Housing Support	0	0	0	0	0	0	0	0	2,482,959	0	0	0	0	0	42,070	404,057	0	0	0	0	2,929,086	0	2,929,086
h	Interpreter Services	0	0	0	136,320	0	0	0	0	78,083	0	0	0	0	0	71,554	7,922	0	0	0	0	293,878	0	293,878
i	Flex Fund Services	0	0	0	597,403	0	0	0	0	500,329	0	0	0	0	0	28,194	84,830	0	0	0	0	1,210,756	0	1,210,756
j	Transportation	1,075,305	161,107	11,261	57,963	52,078	0	3,278,108	166,443	1,319,656	12,881	924	0	1,544,744	4,260	351,514	168,409	0	0	0	0	8,204,652	0	8,204,652
k	Block Purchase NTXIX Consumer Drop In Cente	0	0	0	0	0	0	1,455,252	0	457,113	0	0	0	0	0	0	0	0	0	0	0	1,912,365	0	1,912,365
l	Total Support Services	14,000,861	9,387,794	384,550	1,671,931	468,765	0	81,092,135	1,333,068	38,015,920	1,060,990	35,001	0	9,329,186	161,999	2,392,820	1,514,061	0	0	0	0	160,848,881	0	160,848,881
505	Crisis Intervention Services																							
a	Crisis Intervention - Mobile	1,752,910	240,175	70,068	910,259	95,568	0	2,217,375	252,988	850,558	22,126	3,809	0	2,536,663	6,664	1,583,723	353,768	0	0	0	0	10,896,654	0	10,896,654
b	Crisis Services	418,898	59,452	9,819	58,176	40,243	0	1,594,809	32,167	538,465	3,868	1,716	0	4,215,390	5,190	634,089	1,856,689	0	0	0	0	9,468,972	0	9,468,972
c	Crisis Phones	9,550	4,113	731	967	241	0	3,008,517	41,757	1,383,523	46,471	1,541	0	308,548	7,094	90,799	30,221	0	0	0	0	4,934,072	0	4,934,072
d	Total Crisis Intervention Services	2,181,358	303,741	80,619	969,401	136,052	0	6,820,700	326,913	2,772,546	72,464	7,066	0	7,060,600	18,947	2,308,612	2,240,678	0	0	0	0	25,299,698	0	25,299,698
506	Inpatient Services																							
a	Hospital																							
1	Psychiatric (Provider Types 02 & 71	3,589,822	876,362	82,040	98,400	215,720	0	14,611,119	271,176	9,126,886	53,987	8,679	0	5,578,337	33,222	1,570,891	363,823	0	0	0	0	36,480,464	0	36,480,464
2	Detoxification (Provider Types 02 & 71	0	0	0	0	0																		

\*DISCLOSE ON SCHEDULE A

		TXIX CHILD	TXIX CMDP	TXIX DD CHILD	NTXIX/XXI CHILD	TXXI CHILD	HB2003 CHILD	TXIX SMI	TXIX DD ADULT	NTXIX/XXI SMI	HIFA II SMI	TXXI ADULT	HB2003 SMI	TXIX GMHSA	HIFA II GMH	MENTAL HEALTH	SUBSTANCE ABUSE	PREVENTION INTERVENTION	PASRR	ADHS DOC	OTHER	SUB TOTAL	PROGRAM ADMIN & MGMT/GEN	TOTAL
Administrative Expenses:																								
601	Salaries	1,578,082	892,484	131,073	159,629	114,930	0	4,591,999	77,041	1,744,602	54,831	4,477	0	1,636,155	19,208	47,524	501,676	129,488	1,228	42,188	0	11,726,613		11,726,613
602	Employee Benefits	379,812	214,802	31,546	38,419	27,661	0	1,105,199	18,542	419,889	13,197	1,078	0	393,789	4,623	11,438	120,743	31,165	296	10,154	0	2,822,352		2,822,352
603	Professional & Outside Services	481,662	272,404	40,006	48,722	35,079	0	1,401,571	23,514	532,488	16,736	1,367	0	499,388	5,863	14,505	153,122	39,522	375	12,877	0	3,579,199		3,579,199
604	Travel	21,906	12,389	1,819	2,216	1,595	0	63,742	1,069	24,217	761	62	0	22,712	267	660	6,964	1,797	17	586	0	162,778		162,778
605	Occupancy	104,549	58,128	8,994	10,576	7,614	0	304,224	5,104	115,561	3,633	297	0	108,397	1,273	3,148	33,236	8,579	81	2,795	0	776,898		776,898
606	Depreciation	381,923	215,996	31,722	38,633	27,815	0	1,111,343	18,645	422,224	13,270	1,084	0	395,978	4,649	11,502	121,414	31,338	297	10,210	0	2,838,042		2,838,042
607	All Other Operating*	2,285,985	1,292,838	189,870	231,236	166,486	0	6,651,898	111,600	2,527,203	79,428	6,486	0	2,370,109	27,824	68,842	726,720	187,574	1,779	61,112	0	16,986,987		16,986,987
608	Subtotal ADHS Administrative Expenses	5,233,919	2,960,040	434,719	529,430	381,181	0	15,229,974	255,515	5,786,203	181,855	14,849	0	5,426,526	63,706	157,618	1,663,874	429,464	4,072	139,921	0	38,892,869	0	38,892,869
650	Non ADHS Administrative Expenses*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,511,621	2,511,621
651	Unrelated Admin. Expense*																					0		0
652	Subtotal Administrative Expense	5,233,919	2,960,040	434,719	529,430	381,181	0	15,229,974	255,515	5,786,203	181,855	14,849	0	5,426,526	63,706	157,618	1,663,874	429,464	4,072	139,921	0	38,892,869	2,511,621	41,404,490
701	Unrelated Business Expenses*																					0		0
790	Income Tax Provisions																							
a	ADHS Income Tax Provision	(3,043,901)	4,068,423	1,124,567	198,289	6,863	0	8,861,047	(700,705)	(6,549,408)	139,380	10,888	0	(775,019)	(189,515)	(2,551,984)	2,386,387	179,464	0	(61,268)	0	3,103,511	0	3,103,511
b	Non ADHS Income Tax Provision	0	0	0	0	0	0	156,487	0	119,536	0	0	0	930	0	4,946	462	0	0	0	100,968	383,327	1,250,708	1,634,035
799	Subtotal Income Tax Provision	(3,043,901)	4,068,423	1,124,567	198,289	6,863	0	9,017,534	(700,705)	(6,429,872)	139,380	10,888	0	(774,089)	(189,515)	(2,547,037)	2,386,849	179,464	0	(61,268)	100,968	3,486,838	1,250,708	4,737,546
800	TOTAL EXPENSES	77,685,480	35,170,540	4,370,149	7,103,830	5,314,029	0	199,324,402	5,869,287	90,832,554	2,327,699	191,075	0	75,707,088	1,176,605	6,073,147	19,618,946	5,724,491	54,299	1,999,796	100,968	538,644,389	3,762,329	542,406,718
801	INC(DEC) IN NET ASSETS/EQUITY	(4,612,843)	6,165,441	1,704,210	300,496	10,401	0	13,665,514	(1,061,874)	(9,744,072)	211,222	16,502	0	(1,173,084)	(287,197)	(3,859,878)	3,617,122	271,966	1	(92,860)	153,010	5,284,073	1,895,377	7,179,450
*Disclose on Schedule A																								

	TXIX CHILD	TXIX CMDP	TXIX DD CHILD	NTXIX/XXI CHILD	TXXI CHILD	HB2003 CHILD	TXIX SMI	TXIX DD ADULT	NTXIX/XXI SMI	HIFA II SMI	TXXI ADULT	HB2003 SMI	TXIX GMHSA	HIFA II GMH	MENTAL HEALTH	SUBSTANCE ABUSE	PREVENTION INTERVENTION	PASRR	ADHS DOC	OTHER	SUB TOTAL	PROGRAM ADMIN/MGMT/ GEN	TOTAL		
DISCLOSURE OF OTHER ADHS REVENUE																									
																					\$0		\$0		
																					\$0		\$0		
																					\$0		\$0		
Total Other - Other Column																					\$0	\$0	\$0		
DISCLOSURE OF OTHER GRANTS REPORTED ON LINE 402																									
Itemization of Items Reported on Line 402																					0		0		
																					0		0		
Total Other Grants	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
DISCLOSURE OF OTHER REVENUE REPORTED ON LINE 406																									
Itemization of Items Reported on Line 406																									
Lab Revenue																									
Miscellaneous																					41,326	41,326	41,326		
Total Other Revenue	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	212,651	212,651	0	212,651		
																					253,978	253,978	253,978		
UNRELATED BUSINESS ACTIVITIES REPORTED ON LINE 407																									
Itemization of Items Reported on Line 407																									
																					0		0		
																					0		0		
Total Unrelated Business Activities:	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
DISCLOSURE OF ALL OTHER BEHAVIORAL HEALTH SERVICES ON LINE 511																									
Itemization of Items Reported on Line 511																									
HB2003 Children and Adult services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
PASARR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	50,227	0	0	50,227		50,227		
Total All Other Behavioral Health Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	50,227	0	0	50,227	0	50,227		
DISCLOSURE OF SERVICES EXPENSES FROM NON ADHS SOURCES ON LINE 520																									
Itemization of Items Reported on Line 520																									
																					0		0		
																					0		0		
Total Service Expenses Non-ADHS Sources	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
DISCLOSURE OF ALL OTHER OPERATING ON LINE 607																									
Itemization of Items Reported on Line 607																									
Maintenance Contracts	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Supplies	36,867	20,850	3,062	3,729	2,685	0	107,277	1,800	40,757	1,281	105	0	38,223	449	1,110	11,720	3,025	29	986	0	273,953		273,953		
Phone	91,815	51,926	7,626	9,287	6,687	0	267,170	4,482	101,504	3,190	260	0	95,194	1,118	2,765	29,188	7,534	71	2,455	0	682,272		682,272		
Licenses & Taxes	2,912	1,647	242	295	212	0	8,475	142	3,220	101	8	0	3,020	35	88	926	239	2	78	0	21,642		21,642		
Insurance	(59,315)	(33,546)	(4,927)	(6,000)	(4,320)	0	(172,598)	(2,896)	(65,574)	(2,061)	(168)	0	(61,498)	(722)	(1,786)	(18,856)	(4,867)	(46)	(1,586)	0	(440,765)		(440,765)		
Training	36,570	20,682	3,037	3,699	2,663	0	106,412	1,785	40,428	1,271	104	0	37,915	445	1,101	11,626	3,001	28	978	0	271,746		271,746		
Postage	12,674	7,168	1,053	1,282	923	0	36,880	619	14,012	440	36	0	13,141	154	382	4,029	1,040	10	339	0	94,181		94,181		
Other	206,936	117,033	17,188	20,932	15,071	0	602,156	10,102	228,772	7,190	587	0	214,551	2,519	6,232	65,785	16,980	161	5,532	0	1,537,728		1,537,728		
Sanctions & penalties expense	39,503	22,341	3,281	3,996	2,877	0	114,948	1,929	43,671	1,373	112	0	40,957	481	1,190	12,558	3,241	31	1,056	0	293,544		293,544		
Net Allocation In	1,918,023	1,084,737	159,307	194,015	139,688	0	5,581,178	93,636	2,120,413	66,643	5,442	0	1,988,605	23,346	57,761	609,744	157,382	1,492	51,275	0	14,252,686	0	14,252,686		
																					0		0		
																					0		0		
Total All Other Operating	2,285,985	1,292,838	189,870	231,236	166,486	0	6,651,898	111,600	2,527,203	79,428	6,486	0	2,370,109	27,824	68,842	726,720	187,574	1,779	61,112	0	16,986,987	0	16,986,987		
DISCLOSURE OF NON-ADHS ADMINISTRATIVE EXPENSES ON LINE 650																									
Itemization of Items Reported on Line 650																									
Investment income administration																									
																					0		2,511,621	2,511,621	0
																					0		0		
Total Non-ADHS Admin. Expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,511,621	2,511,621	0		
DISCLOSURE OF UNRELATED ADMINISTRATIVE EXPENSES ON LINE 651																									
Itemization of Items Reported on Line 651																									
																					0		0		
																					0		0		
Total Unrelated Administrative Expenses:	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
DISCLOSURE OF UNRELATED BUSINESS EXPENSES LINE 701																									
Itemization of Items Reported on Line 701																									
																					0		0		
																					0		0		
Total Unrelated Business Expenses:	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		

TXIX CHILD	TXIX CMDP	TXIX DD CHILD	NTXIX/XXI CHILD	TXXI CHILD	HB2003 CHILD	TXIX SMI	TXIX DD ADULT	NTXIX/XXI SMI	HIFA II SMI	TXXI ADULT	HB2003 SMI	TXIX GMHSA	HIFA II GMH	MENTAL HEALTH	SUBSTANCE ABUSE	PREVENTION INTERVENTION	PASRR	ADHS DOC	OTHER	SUB TOTAL	PROGRAM ADMIN/MGMT/ GEN	TOTAL
<div>ADJUSTMENTS</div> <div>(Disclose and describe any adjustments to previously submitted financial statements including those that affect the current financial statements)</div>																						

**ADJUSTMENTS**  
(Disclose and describe any adjustments to previously submitted financial statements including those that affect the current financial statements)

**Analysis:**  
(Compare prior quarter activity to current quarter activity for each column [program] and each row major category of service.)

1. A correction (as disclosed last quarter) was made to the Title XIX DD Child fund source. When comparing the fourth quarter over third quarter, the correction had a material effect on DD Child expense. The correction involved determining that provider contracts had this fund source explicitly listed and, in addition, services expense was being allocated from Title XIX Child based on claims data. The solution selected was to amend contracts, adding back contract allocations from Title XIX DD Child to Title XIX CA and relying on claims based allocation methodologies through the end of SFY2006.

2. Inpatient and residential services have decreased in relation to their highs in the third quarter. In the adult system, Maricopa Medical Center utilization has stabilized and has began incremental decreases. The exception continues to be COE, which is still higher than normal. Children's services continue to increase, but we are seeing reductions in RTC and Level I & Level II facilities. There are still pressures coming from services focusing on treating aggressive sexual behaviors and eating disorders, although the utilization of these services seem to be stabilizing. Finally, therapeutic foster care services are increasing and are contributing to cost overruns in the Childrens service areas.

3. Non-Title XIX Substance Abuse has incrementally increased over the prior quarter due to increased utilization of co-located services and the beginning of the methamphetamine initiative. Substance abuse treatment services continue to increase, both as a result of co-occurring disorders and increasing enrollment at VO. Other adult Non-Title XIX populations continue to increase despite funding shortfalls. Mental health services are driven primarily by the Maricopa Medical Center utilization for crisis inpatient services.

4. Medical Services and Behavioral Day Programs have decreased back to their first quarter levels. This suggests a certain cyclical component to these services. Also, a significant shift from these service to Rehabilitative services took place in the fourth quarter. Rehabilitation services are up approximately 47% over the prior quarter.

5. ADOC/COOL services have decreased due to additional contract awards during the third quarter as catch-up and the fourth quarter evening out.

6. Medications are down due to MMA being implemented January 1, 2006. The fourth quarter is down 12% over the third quarter \$4M. While MMA had no impact on the continuing pressures on medications in the childrens services system, pharmacy management has effected some savings quarter over quarter in Title XIX Children and Title XIX CMDP. Childrens medications costs continue to increase, but at a average rate less than the previous 20% per year.

7. The recoupment of excess profit, deferred revenues, and under-encountered services caused many fund sources to reflect declines as compared to what would have been the expense. A notable example is Non-Title XIX Child. The recoupment caused excess profits in this fund source and, as a result, generated deferred revenue. These reductions in expense have been offset by increasing pressures on FFS out-of-home and outpatient utilization. In the case of the adults, these dollars have been put back to fee-for-service providers, mostly for inpatient services and unmet needs services.



VO

**STATEMENT OF CASH FLOWS**

**YEAR TO DATE FOR PERIOD ENDED:**

June 30, 2006

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Changes in Net Assets	7,179,451
Adjustments to Reconcile Excess of Revenue Over/(Under) Expenses to Net Cash Provided (Used) by Operating Activities:	
Depreciation and Amortization	3,021,318
Changes in Operating Assets and Liabilities	
<b>(Increases)/Decreases in Assets:</b>	
Current Investments	-
Receivables	(4,790,821)
Inventory & Prepaid Expenses	(772,569)
Interest Receivable	(95,143)
Deposits	15,743
Other	330,354
<b>Increases/(Decreases) in Liabilities:</b>	
IBNR	2,349,275
RBUC	107,453
Accounts Payable to ADHS	(1,162,083)
Accounts Payable to Providers	(1,705,848)
Interest Payable	-
Trade Accounts Payable	233,949
Accrued Salaries & Benefits	1,123,797
Other Current Liabilities	(8,524,797)

**NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES** (2,689,921)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from Sale of Property & Equipment	-
Purchases of Property & Equipment	(6,548,367)
Proceeds from Sales of Investments	-
Purchase of Investments	-

**NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES** (6,548,367)

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Acquisition of Debt (Describe on Schedule A)	1,618,000
Payment of Lease Obligations	-
Payment of Other Debts (Describe on Schedule A)	(7,500,000)

**NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES** (5,882,000)

**NET INCREASE/(DECREASE) IN CASH** (15,120,288)

**BEGINNING CASH** 58,607,281

**ENDING CASH BALANCE \*** 43,486,993

**\*NOTE: ENDING CASH BALANCE MUST AGREE WITH TOTAL CASH BALANCE ON BALANCE SHEET**

**VO**  
**STATEMENT OF CASH FLOWS**  
**YEAR TO DATE FOR PERIOD ENDED:** June 30, 2006  
**Schedule A Disclosure**

**Describe:**

1. Sources and amounts of cash received for other grants.

2. Underlying transactions for acquisition of debt.  
(Debtor, amount, purpose of loan, term, interest rate of debt acquired during the quarter.)  
**Capital infusion from parent company** 1,618,000

3. Underlying transactions for retirement of debt.  
(Debtor, amount paid off.)

4. Cash Flows From Financing Activities - Payment of Other Debt  
**Dividends declared and paid** 7,500,000

5. Supplemental data or non-cash investing and financing activities, gifts, etc.